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August 8, 2005

Chairman Kevin Martin
Federal Communications Commission
445 12th Street SW
Washington, DC 20554

WC Docket 02-33

RE: DSL Unbundling

Dear Chairman Martin:

I am the chairman and founder of Speakeasy, Inc. in Seattle, Washington. In 1995 we offered some of the first high-speed Internet access in the U.S. through a public Internet Cafe connected to a high-speed Internet line. Over the past ten years we have grown to become one of the largest privately owned broadband service providers in the United States. We now serve over 100,000 customers about half of whom are business and the other half individual, residential users. Last year we generated 50 million dollars in annual revenue and are growing at over 30% per year on average over the past five years. We were recognized in 2001 and 2002 as among the top 50 fastest-growing companies in America by Inc. Magazine's "Inc. 500".

This growth and success is the result of customers choosing Speakeasy over their telephone company and cable company. We offer things they do not and consumers are clearly voting, in large numbers, with their wallets. Today, we serve customers nationwide and through our network footprint, have an estimated reach of over 50 million potential business and residential customers. Please keep these facts in mind as you read my argument against deregulation and as you consider other similar arguments which I am certain are coming your way in light of your Wall Street Journal article and especially given the current attempts to fast-track this new deregulation.

Deregulation will harm our business and business like ours, and therefore our respective customers. Moreover, counter to the justifications for deregulation, it will decrease competition significantly and this will hinder innovation and therefore personal and business productivity in our country. Speakeasy current and prospective customers need and deserve the choice they enjoy today and deregulation will take away their right to choose providers and services.

We recognize that Speakeasy grew and prospered largely because regulations that allowed us to create a competitive broadband product. We differentiate our services first with extremely efficient high-touch customer service and extreme network performance and reliability for all of the elements we control. These are significant investments that go well beyond the "last-mile" of copper we get from the ILECs. We have invested several million dollars in core network equipment and provision and pay all it from investments that sophisticated investors have made in the Speakeasy value proposition. They have studied the markets and believe in our business

not only as a result of our progress, but because of the coming innovations where Speakeasy will be able to better execute than the phone and cable companies. One of the great of these is voice over IP where we led the industry in offering E911 enabled providers before anyone else. Further, we have enabled a quality of service guarantee that allows our products to perform as good as or better than legacy analog voice services.

On August 13, 2002, President Bush signed Executive Order 13272 requiring federal agencies to implement policies protecting small entities when writing new rules and regulations. President Bush's Small Business Agenda states that every new business starts with an idea for a better product or process, which has been the driving force of Internet innovation we enjoy today.

These ideas become reality only when confident entrepreneurs are willing to take economic risks and Speakeasy and its investors and peers have taken great risks. Small businesses are the heart of the American economy because they drive innovation - new firms are established on the very premise that they can do a better job and recognize that a one-size-fits all approach is not good for business and innovation.

You will do a great disservice to Americans and American businesses if you allow a select few legacy carriers to benefit from the valuable government grants and licenses, including the use of public rights-of-way, and be allowed to extend those rights in a way that bars others from offering their service to the public. Further, the premise that the Brand X ruling on cable services should be used in considering the specifics of telecom regulation is flawed in several ways. The reasoning and merits of that ruling are substantially different than those that should be used when considering phone companies. Firstly, cable has an "information service" classification legacy for a reason, and a fundamentally different and more recent capital investment without the huge tax subsidies and federal assistance that telephone companies have. Furthermore, this will have an tremendous impact on the choices that businesses have where cable is largely focused on consumers. This is in no small part due to the network footprint that DSL has in business areas that cable does not. I urge you not to underestimate the response of America's small businesses when they realize the FCC has effectively regulated them into a single choice for broadband -- their local phone company.

President Bush has called for recognition that supporting America's small businesses is critical to ensuring continued job creation. Speakeasy is the epitome of the small business success story. We were started by a young family of entrepreneurs and have grown into a sophisticated multi-million dollar operation that employs nearly 250 individuals. Our long-term approach to business allowed us to survive the telecom meltdown of the early 2000's. Not only did we survive but we flourished and proved the fundamentals of free enterprise, hard work and an ethical and disciplined business can be successful in America.

The FCC has been entrusted with protecting consumers, encouraging economic development, and ensuring that competition is allowed to develop, rather than being quashed by a deregulated monopoly. We are seeing the phone companies and cable companies move to increase prices, and without regulation, small business will be harmed, thousands of ISP's will



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be forced out business, highly-skilled workers will lose their jobs and consumers will lose the choice of platform for broadband services and support.

Deregulation will be bad for America and I encourage you to reconsider deregulating open access. I have a long list of customers who would be more than happy to affirm these statements and add their own comments for your consideration.

Thank you for your time.

Sincerely,

Michael D. Apgar
Chairman and Founder
Speakeasy, Inc.
Office: (206) 971-5177